

## **Member rules**

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# **RULES OF THE CHANNEL ISLANDS CO-OPERATIVE SOCIETY LIMITED**

**Date: XX Sept 2025**

## **CHAPTER 1 - What your Society is established for**

### **1. Name**

1.1 The name of the Society is The Channel Islands Co-operative Society Limited and it is called "the Society" in these Rules.

### **2. Purpose**

2.1 The purpose of the Society is to carry out its objectives and functions as a Co-operative.

### **3. Values and Principles**

3.1 In conducting its affairs, the Society is committed to:

- (a) following the Co-operative Values & Principles;
- (b) respecting the rights and diversity of its Members, employees and people dealing with the Society, treating them fairly and not discriminating on any grounds; and
- (c) conducting its business in an open and honest way.

3.2 The net profits of the Society's business shall be used in accordance with the Co-operative Values & Principles.

### **4. Functions**

4.1 The functions of the Society are, in accordance with its purpose being:

- (a) to carry on the business of dealing (on a retail or wholesale basis) in producing, creating, supplying and providing property, goods and services of all kinds, including engaging in credit sale, rental and other services or credit transactions; and
- (b) to engage, as principals or agents in any other business, trade, industry or activity, which seems to the Society directly or indirectly conducive to carrying out the functions above.

## **CHAPTER 2 - Membership**

### **5. Members**

5.1 The Society consists of its Members and the Members are the people, whether singly or jointly, and corporate bodies whose names are entered in the Register of Members.

5.2 Membership is open to any person who is 16 years old or older and who has a permanent residential address within the Society's trading area or a proven trading connection with the Society to the satisfaction of the Board of Directors, and any corporate body, legal person or legal arrangement established for a bona fide charitable or social purpose, who completes the Membership application form specified by the Board (which shall include an application for the minimum number of shares), and whose application is accepted by the Board.

5.3 Any Member changing their address shall give notice to the Secretary, and the necessary alterations shall be made in the Register of Members.

5.4 The Board has absolute discretion to accept or refuse any Membership application, does not have to give reasons for its decision, and may take into consideration (amongst other things) the applicant's likely participation in the Society's business and affairs, and their support of the Co-operative Values & Principles. The Board may delegate responsibility for deciding Membership applications to the Secretary, and under their supervision to other employees. Any such decision shall be made in accordance with the Society's Membership policy.

5.5 No person shall be admitted into Membership until after the expiration of a qualifying period of 6 calendar months from the date of receipt by the Society of a duly completed application for Membership in the prescribed form. However, during this qualifying period an applicant is entitled to receive any dividend that may be declared on purchases, subject to confirmation by an Ordinary Meeting of Members.

### **6. Termination of Membership**

6.1 A Member shall cease to be a Member if:

(a) they withdraw from Membership by giving at least 1 month's written notice to the Secretary, and withdraw their shares under these Rules; or

(b) they are expelled or cease to be entitled to be a Member of the Society under these Rules; or

(c) they are removed from the Register of Members by the Secretary in accordance with the maintenance of Register provisions in these Rules; or

(d) they die or, if a corporate body it ceases to exist.

6.2 At the absolute discretion of the Board, a Member shall cease to be a Member if they are convicted of, or admit to having perpetrated, an act of dishonesty to the prejudice of the Society.

6.3 A Member may be expelled by a Resolution of the Board approved by not less than 2/3 of those attending and voting at a Meeting. The following procedure is to be adopted:

(a) any Member may complain to the Secretary that another Member has acted in a way detrimental to the interests of the Society; or

(b) if a complaint is made, the Board may itself consider the complaint, having taken such steps as it considers appropriate to ensure that each Member's point of view is heard and may either:

(i) dismiss the complaint and take no further action; or

(ii) for a period not exceeding 12 months, suspend the rights of the Member complained of to attend Meetings of Members and vote under these Rules; or

(iii) arrange for a Resolution to expel the Member complained of to be considered at a future Meeting of the Board.

(c) if a Resolution to expel a Member is to be considered at a Meeting of the Board, details of the complaint must be sent to the Member complained of not less than 1 calendar month before the Meeting with an invitation to answer the complaint and attend the Meeting;

(d) at the Meeting, the Board will consider evidence in support of the complaint, and such evidence as the Member complained of may wish to place before the Board;

(e) if the Member complained of fails to attend the Meeting without good reason, the Meeting may proceed in their absence;

(f) a person expelled from Membership will cease to be a Member upon the declaration by the Chair of the Meeting that the Resolution to expel them is carried;

(g) the Society will pay to such person the amount standing to their credit in the share ledgers of the Society, together with any interest or dividend credited in respect of their share, and cancel their shares; and

(h) no person who has been expelled from Membership is to be re-admitted as a Member except by a Resolution carried by the votes of 2/3 of the votes cast at a Meeting of Members.

## **7. Shares**

7.1 The shares of the Society shall be of the nominal value of £1. Shares can be withdrawn, but cannot be transferred, except where permitted by these Rules.

7.2 The Society may issue to Members up to 4 classes of withdrawable shares, Class A, Class B, Class C and Class D shares. All shares issued by the Society prior to the date on which these Rules are registered shall be deemed to be either Class A or Class B shares. Any shares issued by the Society after the date on which these Rules are registered shall be either Class A or Class B shares unless expressly stated to be Class C or Class D shares.

7.3 The different classes of share may pay different interest rates, as determined by the Board, from time to time and at such rate as may be determined by the Board, but not exceeding the minimum rate necessary in the opinion of the Board to obtain and retain the capital required to carry out the objectives of the Society.

7.4 All classes of share shall be treated equally, irrespective of their class or issue, for all purposes including any repayment of shares on the solvent dissolution of the Society.

7.5 For the avoidance of doubt references in these Rules to a share or shares shall include each share class, namely Class A, Class B, Class C and Class D shares unless expressly stated.

7.6 No Member's total shareholding of Class A shares, Class B, Class C and Class D shares combined may exceed the statutory limit as provided for by the Industrial & Provident Societies Act 1965 - 1978 (Industrial & Provident Societies (Channel Islands) Order 1965 - 1978) (the "Act").

7.7 Every Member shall hold at least 1 fully paid-up Class A share, there shall be no requirement for Members to hold any Class B, Class C or Class D shares. Every Member shall, as the Society shall direct, pay to the Society a sum equal to the nominal value of the individual share or shares so taken up and held immediately and/or agree so to pay by permitting the Society to deduct and retain some or all of such sum from

any dividend or dividends declared in favour of the Member in question under Rule 16.1(b).

7.8 The Board shall set any conditions for holding Class A, Class B, Class C or Class D shares from time to time, such conditions to be set out in the Membership Terms and Conditions which may be revised from time to time.

7.9 The Board may invite Members to convert their Class A shares, or a proportion of them, into either Class B, Class C or Class D shares, and may also invite Members to subscribe to Class B, Class C or Class D shares, provided that at all times each Member holds at least 1 fully paid up Class A share, and that the Member making the request to convert any Class A shares or seeking to subscribe for Class B, Class C or Class D shares will meet any conditions laid down for subscribing for and/or holding Class B, Class C or Class D shares.

7.10 The Society shall allot the share or shares for which they have applied at the point they are admitted. Thereafter, the Society shall allot any further share or shares the Member may apply for, provided always that in circumstances where the shares to be allotted, when aggregated with the shares held by the Member, would exceed either:

(a) the maximum shareholding prescribed by law; or

(b) such lower maximum amount of the interest in the shares of the Society that may be held by Members as the Board in its absolute discretion from time to time determine, (which amount at no time may be less than the minimum amount prescribed in the Rules of the Society),

the allotment shall not be made, and the application void, in respect of the number of excess shares.

7.11 Shares may be held jointly by 2 or more persons. A notice required by these Rules to be given in relation to any share or shares which are held jointly must be given to whichever joint Member the joint Members specify in writing, and if they do not specify, to the joint Member whose name appears first in the Register of Members. An application for the withdrawal of any shares or part of a share held jointly must be made by all the joint holders who alone shall be able to give a valid receipt for any share capital repaid. Any 1 of the joint holders of a share or shares may give a valid receipt for the payment of any interest or dividend payable thereon.

7.12 Subject always to Rule 7.6, on the death of a joint holder of any share, it shall be transferred into the name of the survivor or survivors on their application.

7.13 Any 2 Members who are not simultaneously joint Members in accordance with Rule 7.11 may in accordance with a procedure to be approved from time to time by the Board instruct the Society in writing that:

(a) any dividends on their purchases;

(b) any amounts standing to their respective credit in the share ledgers of the Society; and

(c) any interest or dividends created in respect of their shares,

(d) shall be held by the Society in a single, jointly held account.

7.14 For the avoidance of doubt, Members who make an instruction under Rule 7.13 shall for all other purposes be treated as separate Members, and in particular shall be entitled to cast 1 vote each on any Resolution put to the Members at any Meeting of Members.

7.15 The Board may apply money for which they cannot find profitable investments in repaying to Members the amounts paid up on their shares, subject to:

(a) the Board only doing so if a Meeting of Members has approved such action;

(b) repayment to the Member (or Members) who holds (or hold) the largest number of shares, the amount by which their shareholding is greater than the next largest shareholding; and

(c) no repayment being made which causes the number of shares held by any Member to fall below the minimum number of shares required by these Rules to be held as a condition of Membership; and

(d) any share in respect of which the amount paid up or credited has been repaid, being cancelled.

7.16 Where repayment is to be made in accordance with the preceding Rules, notice thereof shall be given to the Member stating the date on which repayment is to be made, and no interest shall be payable on any amount so to be repaid after the date for repayment stated in the notice.

7.17 Interest shall not be calculated on or for any fraction of £1, nor for part of a calendar month.

7.18 Subject to the other provisions of this Rule below, and the minimum shareholding requirements under these Rules, shares may be withdrawn by Members upon giving the

period of notice applicable to the Class of shares to be withdrawn as set out in Rule 7.20 below, provided that:

(a) all withdrawals shall be paid in the order in which the notices were received by the Society;

(b) the Board may waive any notice required for a withdrawal, and may direct payment to be made without notice or on such shorter notice as they consider fit;

(c) unless the Board agrees, not more than 1/10 of the paid up share capital at 1st January in each year (including all sums under notice of withdrawal at that date) shall be withdrawable during that calendar year;

(d) unless the Board agrees, no Member shall be entitled to withdraw during any year more than 1/10 of the share capital standing to their credit on 1st January of that year, unless the Member withdraws from Membership of the Society;

(e) the right to withdraw may by Resolution of the Board be suspended either wholly or partially, and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received, and remain unpaid at the time the Resolution suspending the right to withdraw is passed by the Board. Where the suspension is for a fixed period, such period may be extended from time to time by a Resolution of the Board;

(f) during any period when the right of withdrawal has been suspended, the shares of a deceased Member may, if the Board so determines, be withdrawn by their legal personal representative upon giving such notice as the Board may require and subject as regards the amount payable on withdrawal to such deduction as the Board may from time to time determine; and

(g) interest shall be payable upon any share up to the date of withdrawal (including, for the avoidance of doubt, during the period in respect of which a notice of withdrawal has been given)

7.19 Subject always to the provisions of the Act dealing with the nomination of property (all of which shall apply), the following provisions shall apply:

(a) a Member may nominate any person or persons to whom any of their property in the Society at the time of their death shall be transferred;

(b) on receiving satisfactory proof of death of a Member who has made a nomination the Board shall, if and to the extent that the nomination is valid, either transfer or pay the full value of the property comprised in the nomination to the person entitled to it; and

(c) upon a claim being made by the personal representative of a deceased Member or the trustee in bankruptcy of a bankrupt Member to any property in the Society belonging to the deceased or bankrupt Member, the Board shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them

7.20 The periods of notice referred to in Rule 7.18 above relevant to each class of share are:

- Class A share – one (1) weeks' notice
- Class B share – ninety (90) days' notice
- Class C share – all Class C shares held by a Member (including interest accrued thereon) are automatically converted to Class A Shares in the name of the Member upon the end of the 12-month term, unless the Member has given prior written confirmation to renew their holding for a further 12 months
- Class D share – all Class D shares held by a Member (including interest accrued thereon) are automatically converted to Class A Shares in the name of the Member upon the end of the 24-month term, unless the Member has given prior written confirmation to renew their holding for a further 24-months.

## **CHAPTER 3 - How your Society is organised**

### **8. Organisation**

8.1 The Society comprises the following:

- (a) the Members;
- (b) the Board of Directors;
- (c) the Management Executive, including the Chief Executive; and
- (d) the Secretary.

8.2 The affairs of the Society are to be conducted by all of them, in order to fulfil the Society's purpose. Their respective responsibilities or functions, which are at all times to be performed in accordance with these Rules, are as follows:

#### **Board**

8.3 The Board has the following responsibilities (which cannot be delegated):

- (a) to ensure that the Society's affairs are conducted in accordance with these Rules, all applicable laws, the best interests of the Society and its Members and in accordance with the Co-operative Values & Principles;

(b) to determine the strategy and policy of the Society in consultation with the Chief Executive and the Management Executive;

(c) to oversee the work of the Chief Executive and the Management Executive in the day-to-day management of the business of the Society; and

to monitor the performance of the Society's businesses.

8.4 The Board has the following rights and powers, subject to what the Industrial & Provident Societies Acts 1965 - 2003 and these Rules say, the Board:

(a) may exercise all the powers of the Society;

(b) determines the composition of the Management Executive;

(c) appoints, removes and fixes the remuneration and terms of employment of the Chief Executive and the Secretary;

(d) approves the appointment and removal by the Chief Executive or other members of the Management Executive;

(e) may at any time call upon the Chief Executive, any member of the Management Executive or the Secretary to report or obtain a report in writing upon any matter in connection with or concerning the business of the Society;

(f) determines from time to time those matters which require the approval of the Board;

(g) approves the use of the Society's seal; and

(h) appoints representatives of the Society onto governing bodies of other organisations in which the Society has a financial or other interest.

### **Chief Executive and Management Executive**

8.5 The Chief Executive and the members of the Management Executive are responsible for conducting the day-to-day business of the Society, and shall do so in accordance with these Rules.

8.6 The functions of the Secretary include:

(a) acting as the Secretary to the Board;

(b) monitoring the conduct of the Society's affairs to ensure that they are conducted in accordance with these Rules;

(c) publishing to Members in an appropriate form information which they should have about the affairs of the Society;

(d) custody of the Society's seal;

(e) acting as returning officer for elections;

(f) preparing and sending all returns required to be made to the Financial Conduct Authority; and

(g) making all necessary entries in all registers required by these Rules or the Act to be kept by the Society.

8.7 The Office of the Secretary shall not be held by the person who for the time being holds the Office of Chief Executive of the Society.

## **CHAPTER 4 – Meetings of Members**

### **9. Members**

9.1 Meetings of the Members of the Society are either Ordinary Meetings of Members or Special Meetings of Members.

9.2 In each year the Society shall hold 1 Ordinary Meeting of Members, called the Annual Meeting of Members, and such other additional Ordinary Meetings of Members as the Board decides, called Interim Meetings of Members. All other Meetings of the Members of the Society are Special Meetings of Members.

### **Business of Meetings of Members**

9.3 An Ordinary Meeting of Members may transact the following business.

(a) The consideration of the accounts, balance sheets, and the reports of the Board and of the Auditor and the application of the profits.

(b) The announcement of the election of Directors, and the fixing of their remuneration.

(c) The appointment of the Auditor.

(d) Any motion of which at least 21 clear days' written notice has been given to the Secretary by a Member. The Board has the discretion not to include such a motion if in its and the Secretary's reasonable opinion:

- (i) it seeks to intervene in the exercise of their powers under these Rules by the Board, the Management Executive, the Secretary or any authorised committee or sub-committee of the Society; or
- (ii) the publicity for it would be likely to diminish substantially the confidence in the Society of investing members of the public; or
- (iii) it seeks needless publicity for defamatory matters; or
- (iv) it is submitted for frivolous or vexatious purposes; or
- (v) it does not relate directly to the affairs of the Society; or
- (vi) it is in substantially the same terms as any motion which has been defeated at any Meeting of the Society held during the preceding 2 years. Any amendments to proposals appearing on the notice convening a Meeting shall be submitted in writing to the Registered Office not less than 14 clear days before the date of the Meeting.

9.4 A Special Meeting of Members shall not transact any business not specified in the notice convening it. An Ordinary Meeting of Members may be made a Special Meeting of Members for any purpose of which due notice has been given, provided that such business is not brought on until the business of the Ordinary Meeting of Members is concluded.

### **Convening Meetings of Members**

9.5 Ordinary Meetings of Members shall be convened by the Secretary on an order of the Board.

9.6 Ordinary Meetings of Members are to be held at the Registered Office and/or at such other place or places as the Board decides.

9.7 Special Meetings of Members shall be convened by the Secretary, either on an order of the Board, or on a written requisition signed by 50 Members. The Special Meeting of Members shall be held as soon as is reasonable after the receipt of the order or delivery of the requisition, at the place and time at which Ordinary Meetings of Members are usually held, so far as is possible. A requisition must state the objects of the Meeting and be delivered at the Registered Office.

9.8 If the Secretary has failed, within 21 days of the delivery at the Registered Office of the written requisition, to convene a Special Meeting of Members, any of the requisitionists may convene a Special Meeting of Members by giving the notice provided

for in these Rules, and shall have a claim upon the Society for any costs properly incurred in giving such notice.

9.9 A Meeting shall be convened by notices posted conspicuously in the Registered Office and in all other places of business of the Society to which the Members have access and on the Society's website (if it has one), 8 clear days at least before the day of the Meeting. The notice shall specify the place, the time, and the date of the Meeting, whether the Meeting is an Ordinary Meeting of Members or a Special Meeting of Members and the business to be transacted at the Meeting.

### **Attending and Voting at Meetings of Members**

9.10 Every Member who has a vote under these Rules (including the Deputy of a corporate body) shall be entitled to attend Meetings of Members on the production of such evidence as the Board may from time to time determine.

9.11 A Member of the Society which is a corporate body, may by a Resolution of its Directors or Committee of Management, appoint any person other than a person already so appointed by any other corporate body as a Deputy to act on its behalf at any Meeting or Meetings of the Society. A copy of such a Resolution, signed by the Secretary and 2 Directors or members of the Committee of Management of the legal body, must be delivered to the Registered Office of the Society at least 24 hours before the holding of the Meeting or Meetings concerned. A Deputy appointed in this way shall be competent during the continuance of their appointment to act as if they were a Member of the Society. The appointment of a Deputy shall continue until a copy of a Resolution appointing another person as Deputy in their place is delivered in the same way.

9.12 Every Member of the Society shall be entitled to cast 1 vote on any Resolution put to the Members at a Meeting of Members. In the event of Members holding shares jointly they shall have 1 vote between them which shall be exercised by the one whose name appears first in the Register of Members, unless the joint Members together appoint in writing another joint Member, and the appointment is delivered to the Registered Office not less than 24 hours before the Meeting.

9.13 The Board may make arrangements for Members to vote at Meetings by post, in the Society's places of business or by using electronic communications.

9.14 At any Meeting of Members, a Resolution put to the vote shall be decided on a show of hands, unless a ballot is demanded by the Board, or by 10 Members present at the Meeting. The ballot shall be taken at the Meeting in such manner as the Chair of the Meeting directs. Subject to any special provision contained in these Rules or any applicable Law, all Resolutions shall be carried by a simple majority of votes. In the

event of an equality of votes the Chair of the Meeting shall have a second or casting vote.

### **Procedure at Meetings of Members**

9.15 The Chair of the Board, or in their absence another member of the Board, shall Chair a Meeting of Members. If no member of the Board is present, such member as the Meeting may determine shall Chair the Meeting.

9.16 10 Members (including Deputies of corporate bodies) having a vote and being present in person shall be a quorum. A Meeting of Members may proceed to business if a quorum is present within half an hour after the time fixed for the Meeting. Otherwise the Meeting, if a Special Meeting of Members convened on the request of the Members, shall be dissolved. If an Ordinary Meeting of Members or a Special Meeting of Members convened by order of the Board, shall stand adjourned to the same day in the week following, at the same time and place, the adjourned Meeting may proceed to business whatever the number of Members present. No Meeting shall become incompetent to transact business from the want of a quorum arising after the Chair has been taken.

9.17 Any properly constituted Meeting may adjourn to such place, time, and day within 30 days as the Members present direct and may continue any such adjournment from time to time. No business shall be transacted at any adjourned Meeting which could not have been transacted at the Meeting from which the adjournment took place, and the same notice shall be given of any Meeting adjourned for more than 14 days, as is required in the case of an original Meeting.

9.18 Standing Orders for the conduct of Meetings of Members, and for the closure of business may be made by the Board, and subject to any Resolution passed at an Ordinary Meeting of Members such Standing Orders shall be binding on all Members and their representatives.

## **CHAPTER 5 - The Board of Directors**

### **10. Composition of the Board of Directors**

10.1 The Board of Directors shall be comprised as follows:

10.1.1 With effect from the May 2018 Annual Meeting of Members up to 6 Directors, who shall be elected in accordance with election procedures approved from time to time by the Board:

- i. up to 3 Directors elected by and from the Members of the Society resident in Guernsey; and

ii. up to 3 Directors elected by and from the Members of the Society resident in Jersey.

10.1.2 The Chief Executive of the Society.

10.1.3 Where possible, 2 professional external Directors appointed by the Board to assist in achieving appropriate expertise and balance in the overall composition of the Board.

10.2 Not more than 1/3 of the places on the Board shall be held by Members of the Society who are:

(a) former employees of the Society who have a pension with the Society; or

(b) spouses or partners of former employees of the Society who have a pension with the Society.

10.3 At all times the number of professional external Directors on the Board shall be in the minority.

10.4 If at any election the number of candidates shall be equal to or less than the number of vacancies to be filled, then those candidates if duly qualified in all other respects shall be deemed to be elected unopposed without a formal ballot.

10.5 If 2 or more candidates receive the same number of votes and there are vacancies for a lesser number, there shall be a further ballot of those candidates with an equal number of votes. If after the further ballot 2 or more candidates receive the same number of votes and there are vacancies for a lesser number, the candidate or candidates to be elected shall be decided by the drawing of lots.

10.6 Any Director elected or appointed at or after the 2018 Annual Meeting of Members shall serve for a term of 3 years. Such Directors shall serve no more than 4 consecutive terms, or 12 years in total, and at this point should stand down for a period of at least 3 years before becoming eligible for election for a further term.

10.7 A professional external Director shall serve for a period of 3 years, subject to a review at least every 12 months and a maximum of 2 terms or 6 years. Professional external Directors may be removed from office at any time by a Resolution passed by a majority of the members of the Board, and shall be remunerated in an amount (to be disclosed in the published accounts) from time to time fixed by the Board.

10.8 Any elected Director retiring under these Rules may be appointed to the Board as a professional external Director for a maximum of 2 terms of 3 years, or such shorter term as may be required to ensure that their consecutive years of service do not total more

than 12 years. If appointed, when calculating consecutive years of service, any years served as an elected director shall be included.

10.9 A professional external Director is eligible to stand for election to the Board as an elected Director. If such a person is elected, they will be classed for the purpose of these Rules as Director elected by Members in Guernsey or Jersey (as the case may be) and cease to count as a professional external Director from the date on which they take office as an elected Director. However, when calculating consecutive years of service as an elected Director, any years served as a professional external Director shall be included and their maximum period of service as a Director of either kind shall never exceed a total of 12 years.

10.10 Where a vacancy arises on the Board of Directors otherwise than on the completion of a term of office, at the discretion of the Board it may be filled either by an election, or by appointment by the Board. In either case the person filling the vacancy shall retire at the end of the vacancy that they are filling.

10.11 Each Director shall receive a Letter of Appointment which shall include commitments to training where needed, and to standards of conduct. All Directors will be required to sign and accept the Letter of Appointment.

10.12 A Director may be removed from office by a Resolution of not less than 3/4 of the remaining Directors on the grounds that:

(a) they have refused to sign and accept a Letter of Appointment; or

(b) they have committed a serious breach of the commitments laid out in the Letter of Appointment and the Board considers that it is not in the best interests of the Society for them to continue as a Director.

**The following procedures are to be followed:**

10.13 The Board shall consider the matter having taken such steps as it considers appropriate to ensure that any relevant Director's point of view is heard and may either:

(a) dismiss the matter and take no further action; or

(b) for a period not exceeding 12 months suspend the rights of the Director complained of to attend Board Meetings and vote under these Rules; or

(c) arrange for a Resolution to remove from office the Director complained of, to be considered at the next Board Meeting.

10.14 At the next Meeting the Board will consider evidence in support of the complaint and such evidence as the Director complained of may wish to place before them.

10.15 If the Director complained of then fails to attend the Meeting without due cause, the Meeting may proceed in their absence.

10.16 A Director removed from office will cease to be a Director upon the Declaration by the Chair of the Meeting that the Resolution to expel them is carried.

10.17 The Members may remove a Director from office by a Resolution passed by 2/3 of the votes cast at a Special Meeting of Members

### **Appointment of the Chair**

10.18 The Directors shall elect 1 of their number (who may not be the Chief Executive, nor a professional external Director, nor a former employee of the Society who has a pension with the Society) to be Chair at their first Meeting following the Annual Meeting of Members each year for a period of office to terminate at the commencement of the first Meeting of the Board following the Annual Meeting of Members held in the subsequent year provided that the Chair shall cease to hold that office if at any time he or she ceases to be a Director.

### **Eligibility to be a Director**

10.19 A person shall only be eligible to be a Director if they are a Member of the Society and fulfil the following criteria:

(a) hold and have held at least £1 share capital in the Society or a Society which has transferred engagements to the Society for at least 2 years;

(b) have not been dismissed (save for redundancy) from the employment of the Society or a Society which has transferred its engagements to the Society;

(c) neither they nor their spouse or partner is engaged in a managerial capacity in the carrying on of any business trade or undertaking which in the opinion of the Board competes in any way with any business trade or undertaking carried on by the Society;

(d) neither they nor their spouse or partner has any interest in any business, which is trading with the Society, other than holding less than 1% of the issued shares of a company whose shares are listed on a Stock Exchange, or as a non-managerial Member or employee of any Society or company which is trading with the Society;

(e) have not previously been removed from office as a Director under these Rules;

(f) are not bankrupt (declared "en desastre"), nor subject to an order of degrevement issued at any time in the preceding 5 years, nor be subject of an order disqualifying them from acting as a Director of a body corporate under any relevant legislation enacted in any of the Channel Islands or any Member State of the European Union;

(g) are not the spouse or partner of a person who had already been nominated for election to the Board of the same election or is already a serving Director of the Society and will continue in office after the election;

(h) with the exception of:

(i) the Chief Executive; and

(ii) any Director who already held office on the date of registration of the amendment of these Rules to include this provision (both for the purpose of ongoing eligibility and of nomination for, and taking office on re-election).

(i) they are not a current employee of the Society;

(j) in the Society's previous trading year, made purchases from the Society of at least £1,300;

(k) in the 18 month period before the date of election they have passed to the Society's reasonable satisfaction:

(i) any pre-engagement screening required by law or by the Society;

(ii) any assessment of their capacity to perform the duties of a Director; and

(l) do not have an unspent conviction as defined in the Rehabilitation of Offenders (Jersey) Law 2001 or the Rehabilitation of Offenders (Bailiwick of Guernsey) Law 2002 or any regulation or ordinance made under those Laws for an offence of dishonesty or any offence of violence for which a court of competent jurisdiction has imposed a custodial sentence;

(m) are not debarred by the Jersey Financial Services Commission or the Guernsey Financial Services Commission from holding a position of responsibility in a financial services business;

(n) are not under investigation by the Jersey Financial Services Commission or the Guernsey Financial Services Commission in relation to any regulatory breach;

(o) are not under investigation by the Police or another law enforcement agency in relation to a suspected offence of dishonesty.

If a person is already a Director they shall immediately cease to be a Director if they cease to be eligible.

### **Canvassing in Elections**

10.20 A candidate shall not solicit votes, whether in person, by post, email or other electronic means, except in accordance with Election Regulations. This prohibition applies not just to the candidate but to any other person, organisation, company, Society or corporation on the candidate's behalf.

An infringement of this Rule by or on behalf of a candidate shall make that candidate liable to disqualification by the Secretary from the election in question or, where the election has been completed, from Membership of the Board.

10.21 In the event of a candidate being disqualified by the Secretary under this Rule, the Secretary may:

(a) immediately issue a fresh voting paper for the election concerned, such voting paper to include those candidates originally nominated but to exclude the disqualified candidate; or

(b) if the election concerned has been completed, declare the election void and either conduct a fresh election excluding the disqualified candidate, or re-calculate the votes cast in the election so as to exclude the disqualified candidate, and declare the result of the election on the basis of the recalculation.

### **Board Meetings**

10.22 The Board shall meet and regulate its Meetings as it may determine, except in an emergency or by agreement of the Board, 7 clear days' notice of the date, time and place of each Meeting is to be given in writing by the Secretary to all Directors.

10.23 At least 3 of the Directors (not including any professional external Directors) will form a quorum.

10.24 The Board may agree that Directors can participate in its Meetings by telephone, computer or video link. Participation in a Meeting in this manner shall be deemed to constitute presence in person at the Meeting.

10.25 Meetings of the Board shall be chaired by the Chair, or in their absence a Vice-Chair, or in their absence another Director who is not also an executive Director.

10.26 Questions arising at any Meeting of the Board shall be decided by a majority of votes, and in the case of an equality of votes the Chair of the Meeting shall have a second or casting vote.

10.27 A Special Meeting of the Board may be called by a notice in writing given to the Secretary, at least 14 clear days before the Meeting to be called, by not less than 1/4 of the Directors for the time being. The notice shall state the business of the Meeting and the Secretary shall communicate such notice to all Directors as soon as possible. No other business shall be transacted at the Meeting other than the business stated in the notice.

10.28 If either the Chair (or in the absence of the Chair, the Vice-Chair) asks the Secretary to circulate a Resolution to all members of the Board to be signed, and it is returned to the Secretary signed by at least 3/4 of the members of the Board, then it shall have the same effect as a Resolution validly passed at a Meeting of the Board. Each Director may sign a separate copy of the Resolution and send a signed copy to the Secretary by post, email or other electronic means and where the Resolution is sent electronically, if it has not been signed, it must be sufficiently authenticated as required by the Secretary.

### **Disclosure of Interest**

10.29 Any Director or member of the Executive Management who has a material interest in a matter as defined below shall declare such interest to the Board and:

(a) may not be present in any discussion of the matter unless a majority of the Board agrees to their presence; but

(b) shall not vote on the issue (and, if by inadvertence they do remain and vote, their vote shall not be counted).

10.30 Details of any such interest shall be recorded by the Secretary in the Register of the Interests of Directors.

10.31 Any Director who fails to disclose any interest required to be disclosed under the preceding paragraph must permanently vacate their office if required to do so by a majority of the remaining Board.

10.32 A material interest in a matter is any interest in any transaction or act or proposed transaction or act of the Society and any office or position (save for the exceptions referred to below) held by a Director or their spouse or partner in any firm or company or business which is involved in a transaction or proposed transaction with the Society. The exceptions which shall not be treated as material interests are as follows:

(a) an employment contract with the Society; and

(b) shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on any public exchange.

### **Committees**

10.33 The Board may delegate any of its powers to committees consisting of such Directors as it thinks fit who shall, in the functions entrusted to them, follow in all respects the instructions given to them by the Board.

### **Remuneration and Protection of Directors**

10.34 The Members of the Society shall from time to time fix the remuneration of the Directors, who shall in addition be reimbursed their reasonable travel, hotel and out of pocket expenses wholly and necessarily incurred on Society business at such rates as may be determined from time to time by the Board.

10.35 Anything done in good faith by any Meeting of the Board or by the Chief Executive, Secretary or any member of the Management Executive shall be valid, notwithstanding that it is afterwards discovered that there was any defect in the appointment of any of them, or that any 1 or more of them were disqualified, and shall be as valid as if every Director and the Chief Executive and the Secretary and every member of the Management Executive had been duly appointed and was duly qualified to serve.

10.36 Separate from any other indemnity to which they may be entitled, and subject to what is said in the rest of this Rule, every Director, the Chief Executive, the Secretary and every member of the Management Executive shall be indemnified out of the funds and assets of the Society against all actions, claims, costs, demands and expenses and any personal liability whatsoever, whether civil or criminal, arising out of, or in connection with the exercise or purported exercise of their duties on behalf of the Society.

10.37 This indemnity excludes liability for offences incurred under Section 62 of the Act, and liability for wilful default, fraud or dishonesty. No person shall be indemnified against costs or expenses recovered from them by order of the Financial Conduct Authority or the Financial Services Commissions of Jersey and Guernsey respectively.

10.38 The Society is authorised to purchase and maintain insurance for the purpose of:

(a) indemnifying the Directors and Officers (Chief Executive, Secretary and members of the Management Executive) of the Society against any liability which they or any of them might incur, in respect of negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Society; and

(b) indemnifying the Society itself as reimbursement for indemnity actually and lawfully provided to its Directors and Officers under the first paragraph of this Rule.

10.39 In this Rule "partner" means, in relation to another person, a member of the same household living together as a family unit.

## **CHAPTER 6 - Local Area Committees, Member Committees and Co-operative Appointments**

### **11. Co-operative Appointments**

11.1 The Board shall determine the delegates to be sent on behalf of the Society to Meetings of the Co-operative Group Limited and to Meetings of Co-operatives UK Limited and Congress and any other Meeting in which the Society has a financial or other interest.

## **CHAPTER 7 - Register of Members**

### **12. Register of Members**

12.1 The Society shall keep at its Registered Office a Register of Members in which the Secretary shall enter the following information:

- (a) the names and addresses of the Members; \*
- (b) a statement of the number of shares, whether they are Class A, Class B, Class C or Class D shares, held by each Member, of the amount paid, or agreed to be considered as paid, on the shares of each Member;;
- (c) a statement of other property in the Society, whether in loans, deposits, or otherwise held by each Member;
- (d) the date at which each person was entered in the Register as a Member, and the date at which any person ceased to be a Member; and \*
- (e) the names and addresses of the Directors, and the Secretary, with the offices held by them respectively, and the dates on which they assumed office. \*

12.2 The Register shall be kept in such a way that it is open for inspection as required by the Act disclosing only the information in those sub-paragraphs above marked by an asterisk (\*).

### **Right of Inspection**

12.3 Any Member or person having an interest in the funds of the Society may inspect their own account and the books containing the names of the Members, including the information referred to above in the Register of Members, at all reasonable hours at the Registered Office or at any place where they are kept. This right of inspection is subject to any regulations about the time and manner of inspection which may be made by the Members of the Society in a Meeting.

### **Updating the Register of Members**

12.4 The Secretary may remove Members from the Register of Members, in the following circumstances.

### **Loss of Contact**

12.5 The Society shall conduct regular reviews of its Register of Members in order to: (a) identify; and (b) where possible, re-activate any dormant accounts

12.6 The procedures are as follows:

Where a Member's Class A Share Account has been dormant for five (5) calendar years at the review date and the relevant Member does not also hold any Class B, Class C or Class D shares:

(a) the Society shall issue notice to the Member at his or her last known postal and email address:

(i) stating that his or her account has been classified as dormant; and

(ii) stating that his or her account will be deactivated unless the Member contacts the Society within three (3) months of the notice and provides the Society with such information as it may require for regulatory and compliance purposes sufficient to enable the Society to re-validate and re-activate his or her account.

(b) during the three (3) month notice period, two (2) further notices will be issued to the Member at one (1) and two (2) months after the date of the original notice, in the absence of a response.

(c) if the Member's account has not been re-validated three (3) months after the date of the Society's original notice in accordance with Rule 12.6(a):

(i) the balance on the account at that date shall be transferred to a Dormant Accounts Fund; and

(ii) the individual's name shall be removed from the Register of Members and that individual shall cease to be a Member of the Society.

12.7 The word "dormant" used in Rule 12.6 is considered to mean that there has been no activity connected to the particular Member's Class A share account in terms of additional purchases of share capital or qualifying purchases across the Society's business units.

12.8 The Society shall use any balances held in the Dormant Accounts Fund to support the community, local charitable causes, environmental or social initiatives that are consistent with the Society's values and the International Co-operative Alliances Principle's & Values. Such funds shall not be employed in the operation of the business.

### **Failure to Maintain Minimum Balance**

12.9 If a Member has not throughout the immediately preceding period of 12 calendar months maintained a balance in their Class A share account of at least £1, then subject to carrying out the following procedures, the Secretary may remove the name of such Member from the Register of Members, and the Society may cancel their shares and forfeit to the Society the amount standing to the credit of such Member in the share ledgers of the Society together with any sum of money representing interest or dividend credited to the Member in the books of the Society in respect of their shares.

12.10 The procedures are as follows:

(a) the Society shall give not less than 2 calendar months' notice to the Member stating that it is proposed to cancel their share and specifying the sums to be forfeited to the Society;

(b) unless the Member shall within the period of notice increase the balance in their share account to £1, the Society shall cancel and forfeit their share; and

(c) a notice under the provisions of this clause may be sent to the Member by pre-paid ordinary letter post at their registered or last known address and shall include a statement to the effect that if the Member objects to the cancellation and forfeiture of their share and wishes to remain a Member of the Society, they should within 2 calendar months increase the balance on their account to £1.

## **CHAPTER 8 - Audit**

### **13. Auditor**

13.1 There shall be appointed in each year of account a qualified Auditor to audit the Society's accounts and balance sheet for that year. In this Rule "Qualified Auditor" means a person who is a Qualified Auditor under Section 7 of the Friendly and Industrial & Provident Societies Act, 1968.

13.2 None of the following persons shall be appointed as Auditor of the Society:

- (i) an Officer or employee of the Society; or
- (ii) a person who is a partner of or in the employment of or who employs an Officer or employee of the Society.

13.3 At least every 10 years, the Society shall offer the opportunity of appointment as Auditor to other qualified persons.

13.4 Except as provided below every appointment of an Auditor shall be made by Resolution of a Meeting of Members of the Society.

13.5 The first appointment of an Auditor shall be made within 3 calendar months of the registration of the Society and shall be made by the Board if no Meeting of Members of the Society is held within that time. The board may appoint an Auditor to fill any casual vacancy occurring between Meetings of Members of the Society.

13.6 An Auditor appointed to audit the accounts and balance sheet of the Society for the preceding year of account (whether by a Meeting of Members or by the Board) shall be reappointed as Auditor of the Society for the current year of account (whether or not any Resolution expressly reappointing them has been passed) unless:

- (a) a Resolution has been passed at a Meeting of Members of the Society appointing somebody instead of them or providing expressly that they shall not be reappointed; or
- (b) they have given to the Society notice in writing of their unwillingness to be reappointed; or
- (c) they are not a qualified Auditor or are a person prohibited from appointment under these Rules; or
- (d) they have ceased to act as Auditor of the Society by reason of incapacity.

13.7 A retiring Auditor shall not be automatically reappointed if notice of an intended Resolution to appoint another person in their place has been given in accordance with these Rules and the Resolution cannot be proceeded with because of the death or incapacity of that other person, or because that other person is not a qualified Auditor or is a person prohibited from appointment by these Rules.

13.8 A Resolution at a Meeting of Members of the Society may:

(a) appoint another person as Auditor in place of a retiring Auditor; or

(b) provide expressly that a retiring Auditor shall not be reappointed; or

(c) shall not be effective unless notice of the intention to move it has been given to the Society not less than 28 days before the Meeting at which it is to be moved. On receipt by the Society of notice of such an intended Resolution, the Society shall immediately send a copy of the notice to the retiring Auditor. If it is practicable to do so, the Society shall give notice to its Members of the intended Resolution at the same time and in the same way as it gives notice in accordance with these Rules of the Meeting at which the Resolution is to be moved. If that is not practicable, the Society shall give notice to its Members by advertisement, not less than 14 clear days before the Meeting, in a newspaper circulating in the area in which the Society conducts its business. Where the retiring Auditor makes any representations in writing to the Society with respect to the intended Resolution or notifies the Society that he intends to make such representations the Society shall notify the Members accordingly as required by Section 6 of the Friendly and Industrial & Provident Societies Act, 1968.

13.9 The Auditor shall in accordance with Section 9 of the Friendly and Industrial & Provident Societies Act, 1968, make a report to the Society on the accounts examined by him or her and on the revenue account or accounts and the balance sheet of the Society for the year of account in respect of which he is appointed.

13.10 Where necessary in law, or where the Membership requires, the Board shall cause the accounts of the Society to be submitted at least once in every year to the Auditor for audit.

13.11 For the purposes of any audit, the Auditor shall be given access to and be entitled to call for and examine all books, deeds, documents, and accounts of the Society. They shall be entitled to require from the Officers of the Society such information and explanations as they think necessary for the performance of their duties. The Auditor shall be entitled to attend any Meetings of Members of the Society, to receive all notices of and other communications relating to any Meeting of Members which any Member of the Society is entitled to receive, and to be heard at any Meeting which they attend on any part of the business of the Meeting which concerns them as Auditor.

## **CHAPTER 9 - Accounts**

### **14. Accounts**

14.1 The Board shall cause proper books of account to be kept with respect to its transactions and its assets and liabilities, and it shall establish and maintain a satisfactory system of control of its books of account, its cash holdings and all of its receipts and remittances in accordance with the Act.

14.2 The Board shall in respect of each year of account:

(a) cause to be prepared a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that year and which give a true and fair view of the income and expenditure of the Society for that year; and

(b) cause to be prepared a balance sheet giving a true and fair view as at the date thereof of the state of the affairs of the Society.

14.3 The Board shall have power to prepare in addition a revenue account or revenue accounts for less than 1 year of account and a balance sheet at the end of the period covered by such revenue account or revenue accounts.

14.4 Every balance sheet presented to a Meeting of Members shall be accompanied by a report of the Board on the state of the Society's affairs, signed by the Chair of the Meeting of the Board adopting the report.

14.5 In the preparation of accounts the Board shall ensure that the Society adopts and conforms strictly to the accounting standards recommended from time to time by the Performance and Accounting Standards Committee of Co-operatives UK Limited. If the Society does not observe the recommended standards, then this fact shall be reported clearly to the Members in the Society's Annual Report.

14.6 A copy of each revenue account and balance sheet made during the period included in any Annual Return shall be sent by the Secretary to the Financial Conduct Authority together with the Annual Return and such copy shall incorporate the report made thereon by the Auditor.

14.7 The Society shall keep a copy of the latest Annual Report and Accounts on its website and printed copies shall be made available to Members on request.

## **CHAPTER 10 - Administrative Provisions**

### **15. Administrative Provisions**

#### **Registered Office**

15.1 The Society's Registered Office is at:

57 Don Street, St Helier, Jersey, JE2 4TR, or at such other place as the Board decides.

## **Name**

15.2 The name of the Society shall be clearly displayed:

- (a) on the outside of every office or place of business of the Society; and
- (b) in all business letters, notices, advertisements, official publications, bills of endorsements, cheques, exchange, promissory orders for money or notes, goods purporting to be signed by or on behalf of the Society, and on all bills, invoices, receipts, or letters of credit of the Society.

15.3 The Secretary shall arrange for minutes of all Meetings of Members and Board Meetings to be kept.

## **Powers**

15.4 The Society has full power to do all things necessary or expedient for accomplishing any of its functions.

15.5 In particular it may:

- (a) purchase, hold, sell, mortgage, rent, lease or sub-lease lands of any tenure and to erect, pull down, repair, alter or otherwise deal with any building on those lands;
- (b) enter into block discounting transactions;
- (c) borrow money, mortgage or charge any of its property and issue debentures and other securities upon such terms and conditions as the Board thinks fit, provided that the Society's total borrowings shall not at any time exceed the aggregate of the share capital and reserves of the Society as recorded in the Society's last published accounts; but:
  - (i) the interest payable on advances, other than advances on bank overdraft and loans secured by mortgage or charge shall not exceed a rate equivalent to 3% per annum above the Bank of England base rate or 5% per annum whichever is the higher. In this Rule the Co-operative Bank plc base rate means the Bank of England base rate at the time of making the advance, or at such time within the 2 years prior to the making of the advance or, in the case of an advance which is renewed after becoming repayable, within 2 years prior to its renewal (if renewed more than once) as the Board determines; and

(ii) charges or debentures may contain a fixed charge upon any property of the Society specified therein and/or a floating charge upon its undertaking and all its property and assets both present and future, and a separate register shall be kept of all such charges and debentures.

(d) establish a pension or superannuation scheme for the benefit of its employees and pay contributions and enter into any contract or trust deed for this purpose;

(e) receive from any persons who are Members, sums on deposit, withdrawable on not less than 2 clear days' notice, not exceeding in total the amount permitted under the law applicable to Industrial and Provident Societies for the time being in force; and

(f) enter into any guarantee, contract of indemnity or suretyship, whether by personal covenant or by mortgage or charge on all or any part of the undertaking, property or assets of the Society, including the guarantee for any obligation or security of any Society or company that is a subsidiary of the Society.

15.6 The capital of the Society may be invested in or upon any of the securities or shares specified in Section 31 of the Act, and in the States' Bonds of Guernsey and Jersey, but not otherwise.

### **Annual Return**

15.7 The Society shall within the time allowed by legislation in each year send to the Financial Conduct Authority:

(a) a general statement in the prescribed form, called the Annual Return, relating to its affairs during the period covered by the Annual Return;

(b) a copy of the Report of the Auditor on the Society's financial statements for the period included in the Return; and

(c) a copy of each Revenue Account and Balance Sheet made during that period and of any Report of the Auditor on that Balance Sheet.

### **Copy of Rules and Annual Return**

15.8 The Secretary is to deliver:

(a) a copy of these Rules to any person who asks for them, on payment of an amount fixed by the Board subject to the statutory maximum; and

(b) a copy of the most recent Annual Return of the Society to any Member or person interested in the Society's funds who asks for it, free of charge. When doing so, the

Secretary shall also supply a copy of the Report of the Auditor on the Accounts and Balance Sheet contained in the return.

### **Service of Notices**

15.9 A notice required to be given by the Society to any Member under these Rules or under the Act or otherwise may be given (unless these Rules state otherwise) by sending it by post to the Member at their address in the Register of Members or by leaving it at that address. A notice sent by post shall be deemed to be served by properly addressing, prepaying, and posting a letter containing the notice, and it shall be deemed to have been served in the ordinary course of post.

### **Seal**

15.10 If the Society has a seal, its name shall be engraved in legible characters upon the seal, which shall be kept in the custody of the Secretary, and shall be used only under the authority of a Resolution of the Board.

Every instrument upon which the seal is impressed shall be countersigned by 2 Directors and the Secretary or in the absence of the Secretary by the Chief Executive or by such other person or persons as the Board may from time to time appoint for that purpose.

### **Disputes**

15.11 Every unresolved dispute which arises out of these Rules between the Society and:

- (a) a Member; or
- (b) any person aggrieved, who has ceased to be a Member within the 6 months prior to the date of the dispute; or
- (c) any person claiming through such Member or person aggrieved; or
- (d) any person bringing a claim under the Rules of the Society; or
- (e) an office-holder of the Society

is to be submitted to an Arbitrator agreed by the parties or in the absence of agreement to be nominated by the Chief Executive of Co-operatives UK Limited. The Arbitrator's decision will be binding and conclusive on all parties.

15.12 Any person bringing a dispute must, if so required, deposit with the Society a reasonable sum (not exceeding £100) to be determined by the Board. The Arbitrator will decide how the costs of the Arbitration will be paid and what should be done with the deposit.

15.13 It shall be the right of 100 Members, by an application in writing to the Financial Conduct Authority:

(a) to apply for the appointment of 1 or more inspectors to examine into the affairs of the Society, and to report on them; or

(b) to apply for the calling of a Special Meeting of Members of the Society.

15.14 Such an application must comply with the directions given by the Financial Conduct Authority in relation to:

(a) the notice to be given to the Society; and

(b) supporting evidence to show that the application has good reason for requiring such an inspection to be made, or Meeting to be called, and that the applicants are not actuated by malicious motives in making their application.

### **Disclosure of Interest**

15.15 Any member of the Management Executive who has a material interest in a matter as defined below shall declare such interest to the other members of the Management Executive and:

(a) may not be present in any discussion of the matter, and

(b) shall play no part in the decision-making in relation to the matter.

15.16 Details of any such interest shall be recorded by the Secretary in the Register of the Interests of members of the Management Executive.

15.17 A material interest in a matter is any interest in any transaction or act or proposed transaction or act of the Society and any office or position (save for the exceptions referred to below) held by a member of the Management Executive or their spouse or partner in any firm or company or business which is involved in a transaction or proposed transaction with the Society. The exceptions which shall not be treated as material interests are as follows:

(a) an employment contract with the Society; and

(b) shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on any public exchange.

## **CHAPTER 11 - Application of Profits**

### **16. Application of Profits**

16.1 The net profits of all business carried on by or on account of the Society shall be applicable as follows:

#### **Members**

#### **Interest on Share Capital**

(a) In order to meet its obligation to carry on its business for the benefit of its Members, the Society may raise share capital as required to carry out its objects and may pay interest on Members' shares at such rate as may be determined by the Society from time to time, but not exceeding in any case 5% per annum or 2% above the Bank of England base rate, whichever is the greater. Different rates may be paid, depending on the class of shares held, and graduated according to the amount of share capital of either class in the Society held by a Member. In this Rule, the Bank of England base rate means the Bank of England base rate at the time of determining the rate of interest or at such time within 2 years prior to the date of such determination as the Board decides.

#### **Dividend on Purchases**

(b) In paying such dividend upon the value of the purchases made from the Society as an Ordinary Meeting may declare to persons who were Members of the Society at the time of such declaration, and where an Ordinary Meeting of Members so determines, to any other person provided that:

(i) the Board may determine that no dividend or that reduced rates of dividend shall be paid in respect of such purchases as they specify from time to time, and such power of determination shall extend to the specification of goods or services and/or to the places or areas in which goods are sold or services provided by the Society;

(ii) no dividend shall exceed the amount recommended by the Board;

(iii) the Board may from time to time pay such interim dividend as appears to them to be justified by the profits of the Society and purchases on which an interim dividend has been paid shall not rank for dividend in the final distribution of profits in any 1 year; and

(iv) any amount payable in respect of a dividend which is not withdrawn by a Member within 1 calendar month after it has become payable may be applied in payment for further shares.

### **Member Activities**

(c) In setting aside such amount, if any, as an Ordinary Meeting of Members may determine, for the purpose of promoting education, culture, or recreation.

### **Community**

(d) In making such payments for charitable purposes or for the benefit of the community as the Board shall determine.

### **Other Distributions**

(e) In making payments for any lawful purpose whatsoever whether within the functions for which the Society is formed or not provided that no distribution of the profits aforesaid to the Members shall be made except as is expressly provided for in this Rule.

(f) In setting aside to a reserve fund such amount, if any, as the Board may determine.

(g) In retaining as reserves any of the profits not applied in one of the ways set out above.

## **CHAPTER 12 - Amendment of Rules, Transfer of Engagements etc.**

### **17. Amendment of Rules**

17.1 Except where these Rules say otherwise, any of these Rules may be amended or rescinded, or any new Rules may be made, by a Resolution passed at a Special Meeting of Members of the Society by 2/3 of the votes cast.

17.2 No amendment of Rules is valid until registered. When submitting Rule amendments for registration the Secretary may at their sole discretion accept any alterations required or suggested by the Financial Conduct Authority without reference back to a further Special Meeting of Members.

### **18. Amalgamation, Transfer of Engagements, and Conversion**

18.1 The Society may amalgamate with or transfer its engagements to any other Society or Company, or convert itself into a company under the Companies Acts by Special Resolution:

(a) which is passed at a Special Meeting of Members of which notice is, specifying the intention to propose the Resolution, as being duly given in accordance with these Rules;

(b) which is passed by not less than 3/4 of such of the qualifying Members of the Society as may have voted in person;

(c) on which not less than half of the qualifying Members of the Society voted in person; and

(d) which is confirmed by a majority of such of the qualifying Members of the Society as may have voted in person at a subsequent Special Meeting of Members, of which notice has been duly given held not less than 14 days nor more than 1 month from the day of the Meeting at which the Resolution was passed in accordance with paragraphs (a) to (c) of this Rule.

18.2 This Rule (Rule 18.1 and 18.2) may not be changed, except by a Special Resolution of the Members passed in accordance with the provisions of this Rule.

## **19. Dissolution**

19.1 The Society may be dissolved:

(a) by winding up in accordance with the Act in pursuance of an order or Resolution made as is directed in regard to companies by the Insolvency Act 1986; or

(b) by an instrument of dissolution signed by not less than 3/4 of the Members for the time being, in accordance with Section 58 of the Act.

## **20. Surplus Assets**

20.1 If on the solvent dissolution or winding-up of the Society there remain after the satisfaction of all its debts and liabilities and the repayment of the paid up share capital any assets whatsoever, such assets shall not be paid to or distributed among the Members of the Society but shall be:

(a) transferred to such charity or charities as the Directors at that time shall be determined, established and maintained for the benefit of the dissolution or winding up; or

(b) if not transferred, paid or transferred to Co-operatives UK Limited.